

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Adak Eagle Enterprises, LLC and)	
Windy City Cellular, LLC)	WC Docket No. 10-90
)	
Petitions for Waiver of Certain High-Cost)	WT Docket No. 10-208
Universal Service Rules)	

To: The Commission

APPLICATION FOR REVIEW

Monica S. Desai
Patton Boggs, LLP
2550 M Street, NW
Washington, DC 20037
(202) 457-6000
*Counsel to Adak Eagle Enterprises, LLC
and Windy City Cellular, LLC*

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EXECUTIVE SUMMARY

Adak Eagle Enterprises, LLC (“AEE”) and Windy City Cellular, LLC (“WCC”) file this Application for Review of the *Order*, released by the Wireline Competition Bureau and the Wireless Telecommunications Bureau, denying the companies’ Petitions for Waiver. The Commission should overturn the *Order* because the Bureaus: (1) failed to observe the proper standard for granting a waiver as set forth in the *USF/ICC Transformation Order*; (2) blatantly violated competitive neutrality, one of the governing principles of universal service; and (3) ignored the fundamental objectives of the universal service program.

The Bureaus have improperly gambled the fate of Adak Island consumers, taking at face value the unsubstantiated and unenforceable “pinky promise” of a competitor (one with a disgraceful history of service to the island) to hypothetically provide service that is already being provided by AEE and WCC. It is undisputed that AEE and WCC have diligently used the USF support they received to provide the only wireline service on the island, the only 911 service on the island, and the most comprehensive wireless service on the island. The companies meet every single factor set forth in the Commission’s waiver standard. The Petitions have received the active support of numerous federal and state government entities that depend on the critical services that the companies provide. Yet, the Bureaus have inexplicably chosen to allow the closure of AEE and WCC, and instead reward a competitor that appears to have taken more in USF support yet has provided far less value to the taxpayer – not even bothering to support 911 service, much less any coverage beyond a limited portion of the downtown Adak area.

For these reasons, the Commission should overturn the Bureaus’ *Order* and grant AEE’s and WCC’s waiver requests. AEE and WCC have concurrently petitioned the Bureaus for reconsideration based upon further cost reductions implemented in response to the *Order*, and on several factual errors made by the Bureaus.

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1. Story of Adak Telephone Utility (explaining the challenges faced and overcome by AEE to build the telecommunications system on Adak Island).
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3. Letter from Clesson Zaima (discussing GCI’s practice of selling multiple lines to individual customers on Adak Island and prohibiting customers from purchasing only one line).
4. Declaration of Andilea Weaver.

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Adak Eagle Enterprises, LLC (“AEE”) and Windy City Cellular, LLC (“WCC”) file this Application for Review of the *Order*, released by the Wireline Competition Bureau and the Wireless Telecommunications Bureau, denying the companies’ Petitions for Waiver (“Petitions”).¹ The Commission should overturn the *Order* because the Bureaus: (1) failed to observe the proper standard for granting a waiver as set forth in the *USF/ICC Transformation Order*;² (2) blatantly violated competitive neutrality, one of the governing principles of universal service; and (3) ignored the fundamental objectives of the universal service program. The Bureaus have improperly gambled the fate of Adak Island consumers, taking at face value the unsubstantiated and unenforceable “pinky promise” of a competitor (one with a disgraceful history of service to the island) to hypothetically provide future service that is already being provided by AEE and WCC.

¹ See *Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, Petitions for Waiver of Certain High-Cost Universal Service Rules*, WC Docket No. 10-90 and WT Docket No. 10-208, Order, DA 13-1578 (rel. July 15, 2013) (“*Order*”); see also *Petition for Waiver of Adak Eagle Enterprises, LLC*, WC Docket No. 10-90, *et al.* (filed May 22, 2012) (“AEE Petition”); *Petition for Waiver of Windy City Cellular, LLC*, WC Docket No. 10-90, *et al.* (filed April 3, 2012) (“WCC Petition”); see also 47 C.F.R. § 1.115.

² See *Connect America Fund, et al.*, WC Docket No. 10-90, *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, Section VII(G), ¶¶ 539-544 (2011) (“*USF/ICC Transformation Order*”).

It is undisputed that AEE and WCC have diligently used the Universal Service Fund (“USF”) support they received to provide the only wireline service on the island, the only 911 service on the island, and the most comprehensive wireless service on the island. The companies meet every single factor set forth in the Commission’s waiver standard. The Petitions have received the active support of numerous federal and state government entities that depend on the critical services that the companies provide. The Bureaus virtually ignore that AEE has an outstanding RUS loan – despite the Commission’s direction that the existence of a loan should be a factor in the waiver analysis. And, inexplicably, the Bureaus have chosen to reward a competitor that appears to have taken more in USF support yet has provided far less value to the taxpayer – not even bothering to support 911 service, much less any coverage beyond a limited portion of the downtown Adak area – while bankrupting the companies that have diligently reinvested the USF support they have received into personnel, plant and equipment to better serve the island.

For these reasons, the Commission should overturn the Bureaus’ *Order* and grant the companies’ waiver requests. AEE and WCC have concurrently petitioned the Bureaus for reconsideration based upon further cost reductions implemented in response to the *Order*, and on several factual errors made by the Bureaus.³

I. THE *ORDER* SHOULD BE OVERTURNED BECAUSE THE BUREAUS FAILED TO OBSERVE THE PROPER STANDARD FOR GRANTING A WAIVER AS SET FORTH IN THE *USF/ICC TRANSFORMATION ORDER*.

The Commission specifically set forth the proper standard for granting a waiver in Section VII(G) of the *USF/ICC Transformation Order*.

We envision granting relief only in those circumstances in which the petitioner can demonstrate that the reduction in existing high-cost support would put consumers at risk of losing voice services, with no alternative terrestrial providers available to provide voice telephony service to consumers using the same or other technologies

³ See Petition for Reconsideration, Adak Eagle Enterprises, LLC and Windy City Cellular, LLC, WC Docket No. 10-90, *et al.* (filed Aug. 14, 2013) (“Petition for Reconsideration”).

that provide the functionalities required for supported voice service. We will also consider whether the specific reforms would cause a provider to default on existing loans and/or become insolvent. For mobile providers, we will consider as a factor specific showings regarding the impact on customers, including roaming customers, if a petitioner is the only provider of CDMA or GSM coverage in the affected area.⁴

The Bureaus failed to observe these standards by erroneously finding that consumers on Adak Island are not at risk of losing voice service because a competitor of AEE and WCC has “committed” to construct and offer more service on the island, a commitment which was unsubstantiated and is, in the end, completely unenforceable by the Bureaus. The Bureaus have absolutely put consumers at risk. The Bureaus also failed to observe the required waiver standards by virtually ignoring that AEE will be forced to default on its substantial RUS loan if waiver relief is not granted.

As detailed in the AEE Petition, Adak Island is one of the most remote areas in the entire United States. It is located in the vicinity of an active volcano and is in both an earthquake and tsunami zone. It has frequent cyclonic storms with winter squalls producing wind gusts in excess of 100 knots, extensive fog storms in the summer, and an average accumulated snowfall of 100 inches. The island is infested with large Norwegian rats that regularly chew through communications infrastructure (requiring AEE to use expensive armored cable). The island also is saturated with active bombs that make trenching and digging extremely complicated. Supplies and equipment must be shipped in by barge, which is very costly.⁵ As acknowledged by the Wireline Competition Bureau in 2005, citing to the record developed by the Regulatory Commission of Alaska (“RCA”), AEE was the “only entity willing to undertake the provision of public telephone service on Adak Island.”⁶

⁴ See *USF/ICC Transformation Order*, ¶ 540.

⁵ See AEE Petition at 2.

⁶ *Adak Eagle Enterprises, LLC d/b/a Adak Telephone Utility, Petition for Waiver of Sections 36.611, 36.612, 54.301(b), 54.314(d), 54.903(a)(3), 69.2(bb) and 69.3(e)(6) of the Commission’s Rules*, Order, 20 FCC Rcd 20543, ¶ 2 (2005) (emphasis added). In its order qualifying AEE for USF support, the Bureau also acknowledged the history of the island and expense associated with replacing “virtually all of the

And, as the record reflects, AEE and WCC have continued to reinvest the support they have received back into providing quality service on the island.

A. The Bureaus Erroneously Found That Consumers on Adak Island Are Not at Risk of Losing Voice Service, Based on the Unsubstantiated and Unenforceable “Commitment” of a Competitor to Provide Hypothetical Service at Some Point in the Future.

In the *USF/ICC Transformation Order*, the Commission specified that it would grant a waiver in circumstances in which “the petitioner can demonstrate that the reduction in existing high-cost support would put consumers at risk of losing voice services, with no alternative terrestrial providers available to provide voice telephony service to consumers using the same or other technologies that provide the functionalities required for supported voice service.”⁷ The extensive record demonstrates that both AEE and WCC satisfy this standard.

Consumers on Adak Island are at risk of losing voice services, with no terrestrial provider available. AEE and WCC demonstrated through numerous and voluminous filings that they provide the only wireline service on Adak Island, the only 911 service on the island, and the most comprehensive wireless service on the island, providing essential service in otherwise unserved areas beyond the limited portion of downtown Adak covered by their competitor, General Communication, Inc. (“GCI”). In particular, WCC provides wireless service into otherwise unserved remote areas and into the sea, where residents, government researchers, public safety personnel, fishermen and other workers regularly require service, particularly in times of emergency. Multiple governmental agencies and departments – including the U.S. Department of Interior Fish and Wildlife Service, the City of Adak, the Adak Police Department, and the U.S. Geological Survey

existing plant” and expanding the operations of the outdated facilities “to provide adequate and reliable service.” *Id.* The Bureau cited to AEE filings explaining “that these efforts will require substantial construction and installation projects and that Adak Telephone will incur significantly higher costs associated with obtaining a skilled workforce.” *Id.*

⁷ Order, ¶39 (citing *USF/ICC Transformation Order*, ¶ 540).

– have sent letters to the Commission explaining how they depend on the critical services provided by AEE and WCC beyond downtown Adak, and would be harmed by the unavoidable disruption to these essential services if AEE and WCC were to cease operating.⁸ There is no terrestrial alternative available for the many residents and other individuals depending on the services provided by AEE and WCC.

Despite the fact that AEE and WCC satisfied the Commission’s standard for granting a waiver, the Bureaus denied the Petitions based, in large part, on the unsubstantiated and unenforceable “commitment” of GCI that it will, in the future, construct more facilities and offer more services on Adak Island should AEE and WCC cease operations.⁹ In particular, the Bureaus are willing to allow AEE and WCC to go dark, and gamble the fate of public safety and voice services for consumers on Adak, based on GCI’s hypothetical and unenforceable assertions that it can somehow just “take over” AEE’s and WCC’s taxpayer-funded investments or “within a few months, expand its coverage” to implement the service that AEE and WCC are already providing for consumers.¹⁰

⁸ See AEE Petition at Attachment A; Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, at Attachment 3 (dated May 31, 2013) (“AEE/WCC May 31 Ex Parte”); Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte and Submission of Further Supplemental Information, WC Docket No. 10-90, *et al.*, at Attachment 8 (dated April 12, 2013) (“AEE/WCC April 12 Ex Parte”) (Letters of Support filed by Sen. Mark Begich; Sen. Lisa Murkowski; Congressman Don Young; the City of Adak; Marine Exchange of Alaska; Aleut Corporation; Adak Community Development Corporation; Alaska Maritime National Wildlife Refuge, U.S. Department of the Interior, Fish and Wildlife Service; Icicle Seafoods, Inc.; Eastern Aleutian Tribes; National Telecommunications Cooperative Association; U.S. Geological Survey; Southwest Alaska Municipal Conference; and the Adak Police Department).

⁹ See Order, ¶¶ 22, 39-43.

¹⁰ See Order, ¶¶ 39, 42.

First, the Bureaus inexplicably rely on GCI's "willingness" to "take over the AEE and WCC assets" as support for the denial but fail to explain how this is legally possible. Under Section VII(G) of the *USF/ICC Transformation Order*, the Commission did not delegate authority to the Bureaus to deny a waiver based on another company's hypothetical and unenforceable statements that it will (for pennies on the taxpayer-funded dollar) "by hook or by crook" just seize another unrelated company's assets, or that it will build and offer additional services at some hypothetical point in the future to customers in areas where it has never provided service and has never previously bothered to make the investments necessary to do so. The Commission should not be complicit in such a scheme.

Second, and equally critical, there is no evidence to demonstrate that GCI's "alternative" would be available in time to ensure that consumers on Adak Island would not lose service for a period of time, if not indefinitely, in the event AEE and WCC ceased operations. It took AEE and WCC several years of careful planning (including scheduling shipments, going through permitting processes, and addressing setbacks caused by the island's volatile climate) to build out the wireline and wireless infrastructure to provide comprehensive service on the island.¹¹ Meanwhile, the Bureaus take at face value GCI's unsubstantiated assurances that it can expand its coverage "within a few months," although there is no explanation of how GCI would accomplish this or fund this. As AEE and WCC emphasized previously, GCI admits that it does not currently possess and has not invested in the required infrastructure, facilities and equipment to offer service equivalent to that provided by WCC.¹² Indeed, as the companies have repeatedly emphasized, despite receiving

¹¹ See Story of ATU at Exhibit 1.

¹² See Comments of GCI, WC Docket No. 10-90, *et al.*, 2-4 (filed July 2, 2012) (stating that "GCI could construct alternative microwave facilities if necessary;" "GCI believes that it could provide these [E-rate] services to Adak schools as well;" "GCI could provide Adak Island with largely comparable USF-supported services for no more than the total amount of high-cost support;" "GCI's ConnectMD program, which supplies these telemedicine connections, leases two T-1s from

significantly more support than WCC over the years,¹³ GCI has never bothered to invest in the plant, equipment, infrastructure or personnel necessary to provide service beyond a small portion of downtown Adak, or even provide 911 service. GCI has not made any enforceable commitment or entered into any contract with the Bureaus to build the necessary facilities to ensure continued, universal service to Adak Island. Nor has GCI been in communication with AEE or WCC about purchasing any facilities.

Furthermore, the Bureaus cannot rely on GCI's designation as an ETC to support their finding that consumers on Adak Island "will not be left without any reasonable alternative to wireless service should WCC cease operations."¹⁴ While 47 U.S.C. § 214(e)(1) requires an ETC to offer services throughout the service area for which the designation is received, GCI's designation as an ETC does not changed the fact that GCI currently does not serve significant portions of the study area beyond the downtown Adak area, and does not currently have the infrastructure, facilities, or equipment on the island to do so. Nor does GCI's designation as an ETC ensure that it would be able to provide an alternative to AEE's and WCC's services throughout the study area promptly

AEE, which GCI could replicate through microwave solutions;" "GCI could deploy a WiFi-based fixed wireless broadband service;" "In the event that it could not acquire the few private line circuits necessary to reach the small number of larger enterprise users on Adak, GCI believes it could provide similar service through microwave facilities to connect those users with GCI's satellite and switching hub") (emphasis added); *see also* Letter from John T. Nakahata, Counsel for GCI, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.* (filed August 29, 2012) ("There are some areas that Windy City may serve because its 850 MHz band spectrum has better propagation characteristics than does GCI's 1900 MHz band spectrum.").

¹³ GCI has for each quarter reported significantly higher line counts than WCC. Accordingly, AEE and WCC believe it is reasonable to presume that GCI has received greater USF support for Adak than WCC has received, despite its failure to invest in the community or provide a comparable level of service. *See* Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, at 5, n. 22 (dated Dec. 6, 2012) ("AEE/WCC Dec. 6 Ex Parte").

¹⁴ *See Order*, ¶ 42, n. 141.

enough so that no customers would lose service for a period of time, if not indefinitely, should AEE and WCC cease operating.

GCI's unenforceable "trust me" promise that it is "fully capable" of providing service in a "relatively short amount of time,"¹⁵ does not meet the standard set forth by the Commission in the *USF/ICC Transformation Order*, requiring that a terrestrial alternative be available. As the record demonstrates, there are critical services, such as 911 service, that are offered by AEE and WCC that GCI does not offer, and AEE and WCC have constructed service in areas of the island where GCI has no facilities and no service. AEE's and WCC's circumstances satisfy the waiver standard, consumers on Adak Island will lose voice services with no terrestrial provider available, and GCI's hypothetical and unenforceable commitment that it "could" build more facilities and offer more services to make up for the loss of AEE and WCC service is not the kind of actual, reasonable alternative for terrestrial service that the *USF/ICC Transformation Order* requires.

B. The Bureaus Failed to Observe the Proper Waiver Standard by Virtually Ignoring that AEE Will Be Forced to Default On Its Substantial RUS Loan.

In the waiver standard set forth in the *USF/ICC Transformation Order*, the Commission ordered the Bureaus to "consider whether the specific reforms would cause a provider to default on existing loans and/or become insolvent" in its evaluation process.¹⁶ In denying the Petitions, however, the Bureaus disregarded AEE's substantial RUS loan and the undisputed fact that the USF reforms, without relief, will cause a default. The only place the Bureaus acknowledge this waiver standard factor is in a single footnote in which the Bureaus inexplicably conclude that "even in the event that AEE were to default on its RUS loan, this cost would be far more than offset by savings to the [Universal Service Fund]."¹⁷ The Bureaus' conclusion is erroneous both because it is

¹⁵ *Order*, ¶ 15.

¹⁶ *See USF/ICC Transformation Order*, ¶¶ 540.

¹⁷ *Order* at n. 72.

unsupported by any cost analysis, and because it is beyond the Bureaus' authority to judge the acceptability of default on a loan approved and awarded to AEE by the Department of Agriculture and RUS. The Commission's Wireline Competition Bureau cannot assume for itself a decision-making role about what is best for the entire federal government. The Commission was clearly concerned that failure to grant USF relief could cause defaults on loans, which is a bad result for taxpayers and bad for our recovering economy, but the Bureaus ignored the clear directive from the Commission and engaged in their own cost-benefit analysis on behalf of the Commission, USAC, the Department of Agriculture, and RUS.

The Bureaus have not advanced any support or findings that the USF would realize any savings at all in the event AEE were to default on its RUS loan. Indeed, the Bureaus themselves quote GCI's statement that it would take over service on the island "for no more USF funding than currently supports service."¹⁸ Given this statement, it is perplexing that the Bureaus concluded that the USF would realize "savings" – when even GCI itself does not commit to taking less USF support than is currently received by the companies.¹⁹ In fact, GCI specifically admits that it cannot commit with certainty to providing service to Adak Island within the \$3,000 per line annual cap on high cost support.²⁰ Nor has GCI committed to taking support for only one line per customer.

¹⁸ See Order, ¶ 15 ("GCI maintains that if AEE or WCC is unable to continue operations, GCI will continue to provide services on Adak so that 'Adak Island will not go dark.' ... GCI further adds that it is 'fully capable of setting up the infrastructure necessary to continue providing service to Adak in a relatively short amount of time ... for no more USF funding than currently supports service.'") (internal citations omitted) (emphasis added).

¹⁹ See Order at n. 72.

²⁰ See Letter from John T. Nakahata, Counsel, GCI, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, at 5, n. 9 (Aug. 29, 2012) ("As GCI has previously stated, GCI believes it can do this all as Adak's only ETC within the existing \$3000 per line per year annual cap on high cost support. ... To the extent that any future high cost waivers might be requested with respect to service on Adak Island, GCI anticipates that they would be only with respect to, for Adak Island, the per line support reduction imposed on Remote Alaska CETC lines to stay within the Remote Alaska cap.") (emphasis added); see also Letter from John T. Nakahata, Counsel, GCI, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, at 2 (dated

Ironically, given GCI's documented practice of selling multiple lines on remote Adak Island to individual customers,²¹ GCI could continue to receive overall levels of USF support in Adak comparable to the amounts received by WCC and AEE – or even more. At a minimum, it is curious that individuals on the island have any need for packages of multiple GCI phones. As a matter of USF oversight and policy, and given concerns about waste, fraud and abuse in the USF programs, this should raise concerns. Yet, the Bureaus have not taken into account GCI's use of programs to sell multiple lines to individual customers – and, critically, the amount of USF support GCI has taken for those lines – in concluding there would be a “savings” to the USF. Nor does it appear that taxpayers have received good value for their money: GCI has taken more USF support than WCC while still failing to provide 911 service or service beyond a small portion of downtown Adak, and has apparently served fewer individual customers on the island.

Furthermore, the Bureaus exceeded their authority by determining that it is acceptable for a company to default on loans from a separate federal agency – depriving that agency and taxpayers of funds that would have been repaid – based on the Bureaus' view of potential budgetary offsets under an unrelated federal program. RUS, not the Commission, reviewed and approved AEE's loan and subsequent expenditures. RUS and American taxpayers, not the Commission, will be deprived of the value of these outstanding loans if AEE is forced to default. It was inappropriate and beyond their authority for the Bureaus to determine that it is acceptable for AEE to default on its RUS loan based on hypothetical USF savings. Indeed, under the Bureaus' logic set forth in the *Order*, default

May 24, 2013) (“GCI May 24 Ex Parte”) (“Dramatic changes, such as [*sic*] could result depending on how Mobility Fund Phase 2 and Tribal Mobility Fund Phase 2 are implemented, could impinge on any provider's ability to serve Adak.”).

²¹ See Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, Declaration of Layton J. Lockett, Attachment 2 (dated Sept. 17, 2012) (“AEE/WCC Sept. 17 Ex Parte”); see also AEE/WCC April 12 Ex Parte, Letter from Clesson Zaima at Attachment 9. For reference, a copy of the Declaration of Layton J. Lockett is attached hereto as Exhibit 2. A copy of the Letter from Clesson Zaima is attached as Exhibit 3.

on any RUS loans could be justified on the basis that the loss to RUS could be offset by potential perceived savings to the USF (even if never actually analyzed). That was not the framework set forth by the Commission in the *USF/ICC Transformation Order*. Because the Bureaus failed to properly consider that AEE will be forced to default on its RUS loan absent relief, as required by the waiver standard set forth in the *USF/ICC Transformation Order*, the Commission should overturn the *Order*.

II. THE *ORDER* SHOULD BE OVERTURNED BECAUSE, IN CHOOSING GCI OVER AEE AND WCC, THE BUREAUS HAVE BLATANTLY VIOLATED COMPETITIVE NEUTRALITY, ONE OF THE GOVERNING PRINCIPLES OF UNIVERSAL SERVICE.

The Commission adopted seven fundamental principles to govern the universal service program, including the principle of competitive neutrality, which states:

Universal service support mechanisms and rules should be competitively neutral. In this context, competitive neutrality means that universal service support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another.²²

The Commission further explained that “the principle of competitive neutrality, including the concept of technological neutrality, should be considered in formulating universal service policies relating to each and every recipient and contributor to the universal service support mechanisms, regardless of size, status, or geographical location.”²³ There is no question that the *Order*, on its face, violates competitive neutrality by choosing a new hypothetical service by GCI over services that are presently offered by AEE and WCC on Adak Island. The Bureaus’ decision to

²² *Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd 8776, ¶47 (1997) (“*Universal Service Report and Order*”).

²³ *Universal Service Report and Order*, ¶ 49; see also *Universal Service Contribution Methodology, et al.*, Further Notice of Proposed Rulemaking, 27 FCC Rcd 5357, ¶¶ 8, 24 (2012) (“[S]ince the initial implementation of section 254 after passage of the 1996 Act, the Commission has held that the universal service rules should be competitively neutral and should ‘neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another.’ ... The Commission has been committed to competitive neutrality since it first implemented the 1996 Act.”) (internal citations omitted).

allow AEE and WCC to go out of business based on GCI's unenforceable and unsubstantiated assurances that it can somehow just "take over" AEE's and WCC's taxpayer-funded and RUS-subsidized investments, or because GCI could potentially, one day, provide the service that AEE and WCC are already providing, violates the competitive neutrality with which the Bureaus' decisions are to be made. There is no question that the Bureaus are unfairly advantaging GCI over AEE and WCC. The surprise is how open and blatant the Bureaus are in picking winners and losers in this case, without any enforceable commitments from GCI, and how willing the Bureaus appear to be to risk the promise of universal service for consumers on Adak Island. For this reason, too, the Commission should overturn the *Order*.

This principle of competitive neutrality requires that, before shutting down AEE and WCC, companies that have diligently reinvested USF support into infrastructure, personnel and equipment to provide comprehensive service, the Bureaus have a responsibility to critically investigate GCI's programs that sell multiple lines to individual customers on remote Adak Island.²⁴ If the Bureaus are persuaded by GCI's claims that it can serve Adak Island more "efficiently" based on its statewide network and statewide facilities,²⁵ then the Commission also has the responsibility to ascertain whether GCI has been taking USF support for multiple lines per customer throughout the state of Alaska.²⁶

- GCI apparently concedes that it sells multiple phone lines to individual customers.²⁷ How many lines does each of its individual customers have on Adak Island? How much total support has GCI received for each of those lines for Adak over the years?

²⁴ See Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.* (dated May 31, 2013) ("AEE/WCC May 31 Response to GCI Ex Parte"); see also Declaration of Layton J. Lockett at Exhibit 2; Letter from Clesson Zaima at Exhibit 3.

²⁵ See *Order*, ¶ 13 ("GCI . . . indicated that it opposed the respective petitions of AEE and WCC because of the inefficiencies inherent in AEE and WCC's operations")

²⁶ See AEE/WCC May 31 Response to GCI Ex Parte at 2.

²⁷ See GCI May 24 Ex Parte at 2, n.5.

- How long has GCI engaged in the practice of taking support for multiple lines related to individual customers?
- How many of those lines do the customers “use”? With respect to GCI’s claim that it does not include in its high cost line count reports “any lines that have no usage in the reporting quarter,” how does GCI define “usage” over a three-month period?²⁸ For example, if just one phone call over an entire three-month period is made on each of the five phones belonging to a single customer, has GCI claimed support for those lines?
- Why do customers purchase lines that can only be used on a portion of Adak Island, and that offer no 911 support?
- Does GCI engage in this practice statewide in Alaska or only on Adak Island?

All of this begs a larger public policy question: How can it be good public policy for the Bureaus to allow the bankruptcy of companies that have diligently used USF support to build out infrastructure, provide comprehensive, quality service, including 911 service – and that have the active support of multiple governmental entities, including the U.S. Department of Interior Fish and Wildlife Service, the City of Adak, the Adak Police Department and the U.S. Geological Survey, that rely on their services – and do this based in large part on the unsubstantiated and unenforceable claims of a competitor that it will build and offer services at some point in the future should the need arise? In this case, the Bureaus’ analysis is even more troubling, given the history of GCI’s poor quality of service,²⁹ limited availability of service to the island, and questionable sales practices. Such a decision is not competitively neutral.

III. **THE *ORDER* SHOULD BE OVERTURNED BECAUSE THE DECISION VIOLATES THE OBJECTIVES OF THE UNIVERSAL SERVICE PROGRAM.**

One of the core objectives of universal service, as set forth by Congress, is that “[c]onsumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services ... that are reasonably

²⁸ See GCI May 24 Ex Parte at 2.

²⁹ See Declaration of Layton J. Lockett, ¶¶ 4-5, at Exhibit 2.

comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.”³⁰ Adak Island, as served by AEE and WCC, embodies the very reason universal service exists.

In concluding that it is acceptable for residents of Adak Island to go without service – a conclusion that must be reached because, without relief, AEE and WCC will be forced out of business, and there is no alternative terrestrial service that is actually available – the Bureaus are improperly disregarding the very objectives of the universal service program and RUS loans. As Commissioner Pai noted, “universal service means what it says: service for everyone. Its promise extends from city schools with thousands of students to villages in northern Alaska with just a few.”³¹ Acting Chairwoman Clyburn also has emphasized that Congress’s fundamental universal service goal is to “ensure that *all* Americans have access to affordable voice and advanced communications services.”³² Similarly, Commissioner Rosenworcel has noted: “Universal service is a cherished notion in communications. ... Our policies must strive to provide carriers with confidence to invest in broadband and wireless infrastructure and provide rural consumers with confidence that they will have access to first-rate communications services.”³³

As the companies have emphasized in previous filings, AEE and WCC provide the only wireline service on Adak Island, the only 911 service on the island, the most comprehensive wireless

³⁰ 47 U.S.C. § 254(b)(3); *see also* *Universal Service Report and Order*, ¶ 44.

³¹ *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Statement of Commissioner Ajit Pai (dated July 23, 2013); *see also* http://www.rurdev.usda.gov/utp_infrastructure.html (“[RUS’s] Telecommunications Infrastructure Loan Program makes Long-term direct and guaranteed loans to qualified organizations for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve Telecommunications service in rural areas.”).

³² *Connect America Fund, et al.*, WC Docket No 10-90, *et al.*, Statement of Commissioner Mignon L. Clyburn (dated Nov. 18, 2011) (emphasis in original).

³³ Statement of Commissioner Jessica Rosenworcel, FCC, Before the United States Senate Committee on Commerce, Science, and Transportation, “Oversight of the Federal Communications Commission” (dated March 12, 2013).

service on the island, providing essential service in otherwise unserved areas beyond the portion of downtown Adak served by GCI, and the only telecommunications technicians on the island.³⁴ Moreover, this was accomplished while apparently receiving less USF support than GCI, which did not invest the higher level of support it received back into providing services on Adak Island. As a recent example of the critical services AEE and WCC provide, WCC's White Alice site was instrumental in facilitating the emergency rescue of an individual who had become lost in blizzard conditions on Adak Island.³⁵ If the White Alice site had not been operational, the individual would not have had wireless service and would not have been able to call 911 to alert the search and rescue party of his location. This is the very reason universal service support and RUS loans exist.

The Bureaus' decision to deny the Petitions based on GCI's unenforceable assurances violates the core objectives of universal service by failing to ensure that consumers on Adak Island will continue to have access to telecommunications services. The only conclusion that can be reached is that the Bureaus are proposing that residents should go without 911 and other service until GCI finishes building the promised wireline and wireless facilities that replicate what AEE and WCC already provide. And, what happens if GCI ultimately does not build those facilities? What if GCI goes out of business or is acquired by another company without making good on its unenforceable, hypothetical future build-out assurances? Will GCI pay a penalty if it fails to meet its "commitment?" What if GCI later says that it will need more support to build out such facilities? And what about the Commission's promise of universal service for all? If the Commission believes that universal service is a promise for all, including the residents of Adak Island, the *Order* must be overturned.

³⁴ See, e.g., AEE/WCC April 12 Ex Parte at 2.

³⁵ See Letter from Monica Desai, Counsel, AEE and WCC, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, WC Docket No. 10-90, *et al.*, at 10, Attachment 4 (dated Feb. 28, 2013).

IV. AEE AND WCC SEPARATELY HAVE PETITIONED THE BUREAUS FOR RECONSIDERATION BASED ON SIGNIFICANT FURTHER COST REDUCTIONS AS WELL AS FACTUAL ERRORS IN THE *ORDER*.

Separately, AEE and WCC have filed a petition for reconsideration with the Bureaus based on further cost reductions and on factual errors in the Bureaus' analysis.³⁶ To address the concerns raised by the Bureaus, the companies have taken further and even more drastic cost-cutting steps. For example, to address the Bureaus' concerns regarding executive compensation, the companies' Chief Executive Officer and Chief Operations Officer have voluntarily taken a further, drastic salary cut, in addition to the initial voluntary salary reduction implemented before the denial *Order* was released (and also in addition to the two years the executives went without any pay at all). AEE and WCC also have taken significant steps over the past year to reduce their operating costs, including dramatically reducing its original staff from 19 full-time employees down to 10 full-time employees and one part-time janitorial employee, largely eliminating travel and training expenses, canceling construction of the Clam Lagoon cell site, delaying construction of an essential warehouse, and temporarily reducing critical backhaul redundancy. To further reduce operating costs, AEE and WCC also have taken steps to further reduce their payroll expenses by reducing their five hourly, full-time employees from 40 hours to 32 hours per week. Additionally, the companies have shut down WCC's retail store and eliminated all associated expenses, placed AEE's administrative building on the market, and requested permission from RUS to sell AEE's boat, which had been purchased with the express approval of RUS to lay fiber under docks.

Second, the Bureaus mistakenly believed that certain funds reflected on the companies' financial reports represented cash reserves when, in fact, a large portion of the funds belong to – and are now in the process of being repaid to – RUS. Those funds had been dedicated for a

³⁶ See Petition for Reconsideration.

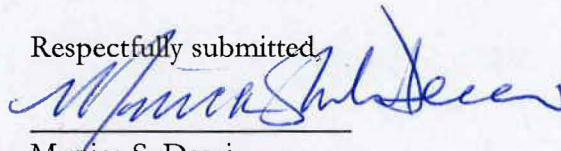
construction project that would have resulted in long-term savings, but which now has been cancelled.

Finally, the Bureaus' finding that AEE and WCC were provided adequate transition paths to implement the USF cuts is inaccurate. Contrary to the Bureaus' conclusion, the 84% flash cut in WCC's funding for six months, followed by a 50% flash cut in funding, and AEE's rapid phased-down in support, was in direct conflict with the Commission's repeated assurances that companies would be provided with reasonable transition periods and the predictability necessary to plan their long-term investments, with "no flash cuts," and that particular sensitivity would be paid to unique issues associated with serving remote parts of Alaska.

V. CONCLUSION.

The *Order* denying the Petitions should be overturned because the Bureaus: (1) failed to observe the proper standard for granting a waiver as set forth in the *USF/ICC Transformation Order*; (2) blatantly violated competitive neutrality, one of the governing principles of universal service; and (3) ignored the fundamental objectives of the universal service program. The Commission should overturn the *Order* and grant the Petitions so that the companies can continue providing essential services to consumers on Adak Island in accordance with the fundamental objectives of universal service.

Respectfully submitted,



Monica S. Desai
Patton Boggs, LLP
2550 M Street, NW
Washington, DC 20037
(202) 457-6000
*Counsel to Adak Eagle Enterprises, LLC
and Windy City Cellular, LLC*

August 14, 2013

Exhibit 1

Story of Adak Telephone Utility

ADAK TELEPHONE UTILITY STORY

As told by Larry Mayes, Founder, President and CEO

Adak Island is part of the Aleutian Chain of islands located 1,300 miles southwest of Anchorage Alaska in the Bering Sea. It is the most southern community in Alaska. Adak lies in the subpolar oceanic climate zone, characterized by persistently overcast skies, high winds, and frequent cyclonic storms. Winter squalls produce wind gusts in excess of 100 knots (120 mph; 190 km/h). During the summer, extensive fog forms over the Bering Sea and the North Pacific. Average temperatures range from 20 to 60 °F (-7 to 16 °C), but wind chill factors can be severe. Total precipitation is 64 inches (1,600 mm) annually, with an average accumulated snowfall of 100 inches (2,500 mm). With 263 rainy days per year, Adak has the second highest rainy day number of any inhabited locality in the United States after the city of Hilo in Hawaii.

Adak Island was the home of over 6,000 Navy personnel before it was selected for closure in 1996. The Aleut Corporation (TAC), which is an Alaska Native corporation, traded other land they owned with the government to get Adak Island and the transfer took place March 17, 2004. The idea of TAC was to rebuild the community that was once a military base into a fishing community. I had just retired from the US Military (Army) in December 1996 and in February 1997 was contacted by a representative of one of TAC's subsidiary companies to work on Adak Island as a Telecommunications Technician. This contract was to maintain the following telecommunication systems: telephone, pager, VHF/UHF radio, cable TV, and computer. I worked with six other telecommunications personnel to maintain the telecommunication systems on Adak. As the land transfer was just about to become a reality, the other personnel started looking for other employment because the Navy support funding of the land transfer was coming to an end. I was the only one left there to take care of the telecommunications systems on Adak.

The reason I stayed was because of my belief in what TAC wanted to do with the old Navy military base. Adak Reuse Corporation (ARC), which was one of the TAC subsidiary companies that took over the operation of Adak, planned to turn the Navy Base into a community once the Navy presence was gone. Adak could be used by the fishing industry as a refueling location and fish processing plant, and by the airlines as an emergency landing location with 7,600 and 7,800 foot runways.

The telephone system (Central Office and Outside Plant) that the Navy had left in place was antiquated and needed replacement badly. Because I was the only technician on Adak, I was regularly called back to the island to fix problems. I would fly out of Adak to visit my family for two weeks but often had to return on the next flight to Adak because of problems with the telephone switch and outside plant. I was always on the phone with Digital Voice Company (the switch manufacturer) to fix problems and get the system back up and running correctly. The Digital Voice switch was a military PBX equivalent without the required features of a civilian switch. A temporary switch was leased from Digital Voice when the older switch could not function further. Amazingly, the switch manufacturer was able to supply the replacement switch and we were able to install it within a two month period. It was a simple switch that functioned but did not have all the nuances of the modern switches.

The outside plant's twisted pair copper wiring was a huge mess. I had to put my tone on a pair of wires at one demarcation point and go from that demarcation point to another one to find a good pair that would go back to the switch to be used for telephone service. I would do this until a good pair was found. I was only one person to maintain those communications systems while working alone and no matter what the weather was like or what was needed to do to complete the installation or fix a situation, I did it as well as I could.

What you find normal in the lower 48 to fix a circuit and install new service is not what you will find in a remote rural area like Adak. Adak is infested with rodents (Norwegian Rat) that we regularly encountered when we needed to crawl under customer houses or in a building crawl space to install or fix a cable.

The weather is not your friend on Adak, and it is not consistent. The island has a saying: "If you don't like the weather, just wait five minutes and it will change." So when you have good weather, you better use it to your advantage. When the grass is wet and the sun is shining, that creates a lot of small flying bugs that get into your eyes and mouth when you are trying to work.

TAC and ARC approached two or three other Alaskan telephone providers to take over the telephone system because neither TAC nor ARC was capable of running a telephone company, and they wanted to create other businesses on Adak Island besides TAC companies. Two of the companies visited Adak to assess the system, and I gave them tours and provided them with maps of the entire system. While both companies were significantly experienced in rural operations, both telecommunications companies declined to serve Adak Island as a telephone company.

After TAC or ARC could not get a telephone company that was already in business to serve Adak Island, they approached me and asked if I would like to run the telephone system on Adak Island. I agreed to take over the telephone system on Adak Island since I had been working the system for many years alone and knew the system intimately.

Once I had the telephone system, I set up an office in my home and I had my family help with invoices and paperwork. Before long, I needed someone to help with accounting so I hired Mrs. Andilea Weaver to do the accounting. We both were new to this regulated industry. I informed Mrs. Weaver that we were just starting out and we had a very small customer base. Also, I informed her there was going to be a lot of work and that I could only pay her when I could – and that was not regularly. I used my retirement funds, family savings, small loans from banks, and maxed out my credit cards to get started.

I worked all day and spent many hours at night into the next morning trying to draft the application for the certificate of public convenience and necessity (CPCN) to provide local exchange service in Alaska for Adak Eagle Enterprises, LLC (AEE) d/b/a Adak telephone Utility (ATU). The Regulatory Commission of Alaska (RCA) staff knew me pretty well because I had called and visited their office many times to learn how to fill out the application. Once I thought I had completed the application for CPCN, I turned the application into the RCA for review. After the RCA had reviewed the CPCN application, the staff recommended that I hire a consultant to help out with the CPCN application.

In 2000, ARC had hired Kenneth Trout (KET, Inc.) to submit an application to RCA for a new certificate of public convenience for the Adak Study area. Since it had been a government base, the Navy didn't have a certificate from RCA. RCA issued ARC a Temporary Operation Certificate. I contacted KET, Inc. and asked Kenneth if he would help with the drafting and filing of the CPCN application for AEE. Kenneth came in and helped with the application and then he recommended Dean Thomson, a lawyer with the law firm of Kempel, Huffman & Ellis, P.C., who is experienced with filing and regulatory issues.

There was much work to be done, and there were limited funds to this, but both firms came to fulfill our need to set up a telephone company. While we were going through this procedure, they suggested that we apply for a Rural Utility Service (RUS) loan to rebuild the telephone system infrastructure on Adak. RUS was contacted, and we were put in touch with Doug Devore and Mike Riley of Mid-State Consultants, who helped to prepare the documentation to apply for an RUS loan. Wes Lannen, our field representative from RUS, also assisted us in completing the RUS loan application. Reeve Engineering had taken pictures of the facilities and completed an on-site review, and had determined that the entire plant should be replaced.

Jim Rowe and the Alaska Telephone Association (ATA) members were great mentors in letting ATU join the association and taking a young inexperienced company under their wing.

In 2005, while talking with Doug Devore about needing some help on Adak, he stated that he might know of a technician who would be willing to work on Adak. So Doug had Michael Eickoff call me and we worked out a deal for him to work on Adak with me.

We submitted a loan package to RUS for over six (6) million dollars to replace the entire telephone system on Adak. RUS based the approval contingent upon the FCC's granting of waivers into the National Exchange Carrier Association, Inc. (NECA pools) and inclusion in the Universal Service Administrative Pools (USF). (See Schedule I of RUS loan.) After the FCC orders granting those items, the processing of the loan continued and RUS approved our loan package request for over 6 million dollars. With these funds RUS funds, AEE was able to rebuild the communication system with modern technology (Class 5 Switch, FTTH, DSL, and ONT). The first draw was finally available in July 2006. Without RUS approving the AEE loan request, the Adak community would still be having problems with the old military switch, and corroded twisted pair outside plant wiring.

RUS, RCA, FCC, consulting firms, lawyers, ATA and their members have been a blessing to a small community like Adak.

Building the system and coordinating logistics was a challenge because of the need to coordinate materials and equipment arriving from the lower 48 states into Alaska, and then having to further coordinate shipping to Adak on a Navy barge that assisted in the initial process. There were no direct barges from the lower 48 to Adak. Bad weather occasionally kept the contractors and equipment from arriving on time. Airline scheduling had to be worked out and efforts had to be made to get a reliable schedule in place. Scheduling an airline that would be willing to go all the way to Adak was a significant task. Currently, airline travel is only possible on Thursdays and Sundays from Anchorage to Adak, with the help of Alaska Airlines.

Construction included such challenging tasks as obtaining local sand and gravel for repairs of road crossings and obtaining and using equipment for washing the sand and gravel so that it would perform properly in the concrete. Due to the remoteness of Adak Island, a ready source of these items could not be called upon to truck material to the sites.

Building the fiber optic network included waiting for the manufacturer to build file jumpers, making sure hazmat regulations were followed while shipping batteries, and coordinating construction crews' arrival along with the housing needed to accommodate them.

Ongoing power supply and infrastructure has been a significant issue while the TAC and the Adak city government worked to have reliable power. At one point, the residents were cautioned to leave the island due to the prospects of possible power shutdowns. Meanwhile, Adak Tel brought in a generator to supply power for phones and the company used this in their central office.

Today, with the USF support provided, and because of RUS loans, the telecommunications on the island provided by AEE include facilities for wireline, which includes voice, broadband, and television, as well as wireless. This system provides significant parts of the infrastructure needed for the community to survive and for the economy to grow, consistent with the vision of The Aleut Corporation.

Exhibit 2

Declaration of Layton J. Lockett

DECLARATION OF LAYTON J. LOCKETT

I, Layton J. Lockett, declare that the following is true and correct to the best of my knowledge and belief:

1. I am the City Manager for the City of Adak in Alaska.
2. Currently the City of Adak pays for service from General Communications, Inc D/B/A GCI/Alaska Wireless ("GCI") for five cellular telephone lines, and received five free phones from GCI, but the service from GCI is not actually used. The City originally signed a contract for five lines with GCI in 2010 in order to gain the mileage that was being offered by GCI as a promotion. The previous city clerk signed up for the offer which gave the City 250,000 Alaska Airlines miles if the City would sign up for 5 lines of service from GCI (50,000 per line). Given our fiscal position at the time, these air miles allowed staff to travel for business without using the limited cash the City had on hand (the City at that time was near insolvency).
3. Within three months of my employment in 2010 I sought to cancel the contract because the City of Adak did not use the five lines from GCI. Unfortunately, after looking at the costs I decided it made more fiscal sense to just pay the bill for the unused phone lines and let the contract expire. GCI came back to Adak in April of 2012 and at the time the promotion was still active, The promotion however was reduced to offering 25,000 miles per line (125,000) total for a maximum of five lines. Since phones were also given for free, I recalculated the cost of purchasing the miles vs. paying the monthly bill for the unused phone lines, and it was still cheaper to renew the contract with GCI for five cellular lines that we won't use rather than purchase airline mileage.
4. Although we have not actively used the GCI service, we have deployed one of the phones we received from GCI for our mobile 911 service. I installed a Windy City Cellular ("WCC") sim card in the GCI phone and exclusively use the WCC service. One sim chip from GCI is being held for immediate backup for the 911 mobile system as protection should Windy City Cellular's network fail for any prolonged period of time. It is my hope that possessing the GCI sim card will at some point allow us to decipher data from their network to determine which of their phones call 911 since they do not currently transmit usable, tracable data to 911.
5. In the third quarter of 2010, I had experimented with using the GCI wireless service for the mobile 911 system, however we immediately abandoned using that service less than a week later when their network went down. I had to plea with the senior management in Unalaska for them to reboot the network as they had no on-island presence. Furthermore, I had to explain that our mobile 911 system was on their network and could not answer any emergency calls while their network was down. As a result, I immediately cancelled the experiment as WCC has 24/7 staff on island that can respond immediately.
6. I personally have an iPhone and plan with AT&T, the plan and phone number of which I have had since 2002, and I use this phone on the island. It should be noted that I am aware that on Adak I am roaming on the WCC network.

7. After several GCI visits to the island, each time with the airline promotion and phones, I decided to personally sign up for the GCI promotion by purchasing five lines. Paying for GCI service (all five lines) is less expensive than paying for the equivalent mileage and/or flights to/from Adak Island. If I purchased the equivalent of the air miles from Alaska Airlines, I would pay \$3,695 (125×29.56 [includes the 7.5% tax]) versus \$2,276 (94.82×24 months) practically financed at 0% (technically the present value would be even less) so from a finance perspective I signed up. I also received 5 smart phones (several Samsung Galaxy II phones and HTC Acquire phones) valued at over \$200 each that conceivably reduces my net present value cost even further. Four of these phones I have in storage, though I did give one phone to a family member, who does not live on Adak, to use in a few communities where AT&T does not have a roaming agreement. This family member, when they do visit Adak, forwards the GCI phone number to the AT&T phone. On occasion, I will forward one of the phone numbers to my AT&T cell phone to mask my permanent number..
8. When I do use a GCI phone I have reception problems and therefore cannot rely on the coverage for much. In residing in the Kuluk neighborhood the signal strength is significantly less than what I receive through WCC. With the new tower at White Alice that Windy City Cellular installed, the coverage for myself and the city's 911 phone allows us to venture outside the core area while being accessible. As an example, when travelling to the northern areas of the city limits, to monitor our water/refuse infrastructure we regularly are outside GCI service area but not the WCC service area. Furthermore, the building materials the U.S. Navy utilized (consisting of dense metals, concrete, etc) reduce signal strength in areas of town and in most buildings.
9. Attached is my Alaska Airlines statement showing the miles being deposited into my personal airline mileage account after I bought five lines from GCI, that I do not use, notwithstanding the phone mentioned in item 7. Furthermore, attached is the Alaska Airlines statement showing the miles deposited in to the City's corporate airline mileage account for the five lines the City of Adak pays for but does not use.

I declare the foregoing under penalty of perjury. Executed on this 4th day of September 2012.



Layton J. Lockett
City Manager
City of Adak, Alaska
Phone: 907-592-4500 ext. 302

**My Account****Profile**[Overview & Tier Status](#)[Settings & Preferences](#)**Mileage Plan™ - Mileage Activity**[Request Mileage Credit](#)[Export to Excel](#)[Book Award](#)[Buy/Transfer Miles](#)[Donate Miles](#)[Mileage Plan™ Auction](#)**My Trips**[Purchased](#)[Held](#)[Other](#)**My Wallet**[Transactions](#)[Expiration Dates](#)**Discount Codes**[Valid](#)[Used](#)**Mileage Plan**[Membership Benefits](#)

FormName: UCMYAccountActivity

Member Name: LAYTON [REDACTED] LOCKETT MVP

Mileage Plan Number: [REDACTED]

Available Miles: [REDACTED]

Show By:

☒ All Activity☐ Activity Date☐ Past 6 Months

Activity Date	Activity Type	Flight	Miles	Bonus	Total
08/15/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
08/07/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
08/07/2012	[REDACTED]		0	0	0
08/07/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
07/25/2012	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

07/25/2012		1333		
07/25/2012		1537		
07/24/2012		3990		
07/24/2012		1593		
07/22/2012		138		
07/12/2012			0	
07/08/2012		160		
07/07/2012			0	
07/07/2012			0	
07/07/2012			0	
07/05/2012			0	
07/01/2012	SPECIAL SERVICES AIR CARE KIT	161	0	
06/24/2012	SPECIAL SERVICES AIR CARE KIT	460	0	
06/23/2012			0	
06/06/2012			0	
06/06/2012			0	
06/04/2012			0	
06/04/2012			0	
06/02/2012			0	
05/29/2012			0	
05/29/2012			0	

05/29/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
05/29/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
05/29/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
05/29/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
05/24/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
05/07/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
05/07/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/16/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/16/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/09/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/09/2012	GCI ALASKA GCI SWEEPSTAKES		125,000	0	125,000
04/09/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/09/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/09/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/05/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
04/05/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
03/29/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
03/07/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
03/07/2012	[REDACTED]		[REDACTED]	0	[REDACTED]
03/06/2012	ALASKA AIRLINES [REDACTED]	731	[REDACTED]	[REDACTED]	[REDACTED]
03/06/2012	ALASKA AIRLINES [REDACTED]	7	[REDACTED]	[REDACTED]	[REDACTED]
03/02/2012	[REDACTED]	8	[REDACTED]	[REDACTED]	[REDACTED]



City of Adak

EasyBiz® Account

EasyBiz Wallet

EasyBiz® Mileage - Activity

Transactions

Expiration Dates

EasyBiz Mileage

EasyBiz Discount Codes

Valid

Used

FormName:

UCMyEasyBizActivity

Member Name: CITY OF ADAK

Mileage Plan Number: [REDACTED]

Available Miles: [REDACTED]

Show By:

☐ All Activity☐ Activity Date☐ Past 6 Months

Activity Date	Activity Type	Flight	Miles	Bonus	Total
08/20/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/20/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/20/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/20/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/16/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/10/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/10/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/10/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
08/10/2012	ALASKA AIRLINES [REDACTED]		[REDACTED]	0	[REDACTED]
07/18/2012	EASYBIZ [REDACTED]		[REDACTED]	0	[REDACTED]
07/18/2012	EASYBIZ [REDACTED]		[REDACTED]	0	[REDACTED]

07/18/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
07/18/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
07/17/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
07/17/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
07/17/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
07/17/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
07/17/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
07/17/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
05/10/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]
04/25/2012	GCI ALASKA GCI SWEEPSTAKES	125,000	0	125,000
04/24/2012	EASYBIZ [REDACTED]	[REDACTED]	0	[REDACTED]
04/24/2012	ALASKA AIRLINES [REDACTED]	[REDACTED]	0	[REDACTED]

Note: Depending on the partnership, activity will appear on your account 30-60 days after you have earned miles. If you do not see activity after 60 days, contact Mileage Plan.

Exhibit 3

Letter from Clesson Zaima

Clesson Zalma

P. O. Box 1874

Adak, Alaska 99546

April 12, 2013

RE: GCI Cell Phone Plan

To whom it may concern:

I live on Adak Island, in Alaska. I signed up for a GCI cell phone promotion presented to Adak, Alaska residents in 2011. Under the contract terms, I paid \$5 per phone per month for a total of five phones paying \$60 per month, for a two-year contract. In return I received 250,000 Alaska Airline miles, and received unlimited text and calls. Alaska Airlines provides the only flight service to Adak, Alaska, and round trip tickets from the Island cost on average over \$1,000. Because airline tickets are so expensive, I purchased the 5 phone lines in order to receive the 250,000 airline mileage.

Although I purchased a plan with 5 phones, I only used 2 of the 5 phones. Recently I received a text message from GCI that my contract has expired and the original terms will no longer be honored. I called GCI to find out more information on the expired contract and what my options were. I was told that I have to activate all 5 phones in order to keep the service on the two phones that I currently use for my personal use and for my business. Even though the original contract is expired, I was told that I must use all 5 phones or I am not allowed to receive any phones. I was also told that starting immediately, I will be charged \$50 per phone per month, until a representative of GCI arrives on Adak Island to sign a new contract and agree to new terms. So, my bill has gone up from \$60 per month for 5 phones, to \$250 per month for 5 phones. Although I would rather have a contract for only 2 phones from GCI, GCI will not let me do that -- they will only let me purchase a package of 5 phones. The terms of the new contract will be explained to me by the representative upon his arrival on Adak, Alaska. I do know that I will be receiving more airline miles for the 5 GCI phones.

I also wanted to mention that GCI does not provide good service on Adak Island. I can only use the GCI phones in certain parts of downtown, but not in all parts of downtown, and not in other parts of the island. Because of this, I also signed up for one phone line through Windy City Cellular, which provides service everywhere on the Island that I go, including all of downtown and the outer areas. Windy City Cellular charges \$40 a month per line, and I am not forced to purchase more than a one phone contract.

Sincerely,

Clesson Zalma

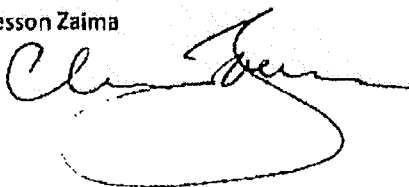
A handwritten signature in black ink, appearing to read 'Clesson Zalma', with a long, sweeping underline.

Exhibit 4

Declaration of Andilea Weaver

DECLARATION OF ANDILEA WEAVER
ADAK EAGLE ENTERPRISES, LLC AND WINDY CITY CELLULAR, LLC

I, Andilea Weaver, declare the following is true and correct to the best of my knowledge and belief:

I am the Chief Operations Officer of Adak Eagle Enterprises, LLC and Windy City Cellular, LLC. I have reviewed the Application for Review and attest, under penalty of perjury, that the facts contained therein are known to me and are accurate.

Executed on this 14th day of August 2013.

A handwritten signature in dark ink, appearing to read "Andilea Weaver", is written over a horizontal line.

Andilea Weaver
Chief Operations Officer
Adak Eagle Enterprises, LLC and
Windy City Cellular, LLC